

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7136
BILL NUMBER: HB 1867

NOTE PREPARED: Jan 11, 2003
BILL AMENDED:

SUBJECT: Third grade reading proficiency.

FIRST AUTHOR: Rep. Koch
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill requires the State Board of Education (the Board) to establish minimum reading scores to ensure functional literacy for grade 3 students. The bill provides that a student who does not achieve the minimum score must receive additional phonics based reading instruction.

Effective Date: July 1, 2003.

Explanation of State Expenditures: *Summary:* Under the bill, the Board would adopt rules establishing a minimum score on a nationally recognized and commonly accepted norm and criterion referenced reading achievement test or diagnostic reading test for reading skills mastery at the third grade level. The Board could accomplish this requirement in the course of a normal business meeting with minimal cost.

Explanation of State Revenues:

Explanation of Local Expenditures: *Summary:* Under the bill, a third grade student that does not achieve the score required on a nationally recognized and commonly accepted norm and criterion referenced reading achievement test or diagnostic reading test would be required to receive systematic, intensive, and direct phonics and word analysis and decoding reading instruction until the student increases their reading level to the minimum level required by the third grade test.

School corporations would need to allocate resources to remediate third grade students failing the reading test. The impact on local expenditures would depend on administrative action and the number of students failing the reading test.

School corporations that do not currently offer a third grade reading test would be required to offer one to their third grade students beginning with the 2004-2005 school year. The impact to local expenditures from this provision is indeterminable and would depend on selecting a vendor and price for the required test. However, the cost of adopting a third grade reading assessment may be able to be offset with Federal funds received under the Reading Excellence Program. *See: Reading Excellence Program.*

Background: One vendor has reported the following costs for the California Diagnostic Reading Test: \$2.00 for reusable test booklets; \$4.42 per student for scanner test booklets; and \$0.90 per student for scanner answer sheets. Booklet tests take approximately 2 to 2 ½ hours to administer. Additionally, the test can be offered on computer for \$3 per student.

School year 2001-02 third grade public enrollment was 77,908.

First and Second Grade Reading Assessments- Under current law, there is a voluntary diagnostic assessment of reading skills for first and second grade students known as IREAD, with approximately 11,900 teachers/classes and 143,000 students participating. The assessments are given several times per year. There is currently no cost to schools for this program, which is funded via Federal grants. *See: Reading Excellence Program.*

The current assessment given to first grade students is divided into the following areas:

Area	Administration
Beginning Reading Skills Assessment	Approximately 40 minutes per testing period over several days
Phonemic Awareness Assessment	Five to eight minutes per administration
Story Comprehension Assessment	Recommended to be administered twice; 20 minutes per administration

The current assessments are not high-stakes and do not have published scores. The second grade program is presently in the pilot stage, while a kindergarten test is planned to begin next year.

Reading Excellence Program- Under the Reading Excellence Program, Indiana was awarded \$25 M in Federal grants in FY 2001 for K-3 reading assessments.

Explanation of Local Revenues:

State Agencies Affected: State Board of Education.

Local Agencies Affected: School corporations.

Information Sources: Mary Andis, Department of Education; Cheryl Gilliland, Center for Innovation and Assessment, (812) 855-1236; Jerry McCanna, CTB-McGraw Hill, (317) 581-9404; www.ed.gov/offices/OESE/REA/awardees.html; www.indiana.edu/~cia/grade1.html; DOE SAS and ORACLE DATABASES.

Fiscal Analyst: Chris Baker, 317-232-9851